

**Supplemental Reporting Document
Table of Contents
May 2006 Investment Committee Meeting
(March 2006 Reporting Period)**

Chief Investment Officer's/Assistant Executive Officer's Report

Asset Allocation

Performance

California Investments

Status Report

Disclosure of Closed Session Action Items

TARGET PERCENTAGE COMPARISON
ASSET ALLOCATION¹
As of March 31, 2006

(A) <u>Asset Class</u>	(B) <u>Market Value</u> (\$ Billion)	(C) <u>Current</u> <u>Allocation</u>	(D) <u>Target</u>	(E) <u>Macro</u> <u>Ranges</u>	(F) <u>Difference</u> <u>(C-D)</u>
Total Cash Equivalents	0.7	0.3 %	0.0 %		0.3 %
Total AIM: Direct/Partnership	10.5	5.1	6.0	3-9 %	-0.9
Total Global Fixed Income	50.1	24.2	26.0	21-31 %	-1.8
Equities					
Domestic ²	85.0	41.0	40.0		1.0
International	<u>49.9</u>	<u>24.1</u>	<u>20.0</u>		<u>4.1</u>
Total Equities	134.9	65.1	60.0	61-71 %	5.1
Total Real Estate	10.9	5.2	8.0	4-12 %	-2.8
Total Equities & Real Estate	145.8	70.4	68.0		2.4
Total Fund	<u>207.1</u>	<u>100.0 %</u>	<u>100.0 %</u>		

¹ As allocated to managers.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$179.3M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON ASSET ALLOCATION

As of March 31, 2006

(A) <u>Asset Class</u>	(B) Current <u>Allocation</u>	(C) <u>Market Value</u> (\$ Billion)	(D) <u>New Policy</u> ¹ (\$ Billion)	(E) Difference (D-C) (\$ Billion)
Total Cash Equivalents	0.3 %	0.7	0.0	-0.7
Total AIM: Direct/Partnership	5.1	10.5	12.4	1.9
Total Global Fixed Income	24.2	50.1	53.9	3.7
Equities				
Domestic ²	41.0	85.0	82.8	-2.2
International	<u>24.1</u>	<u>49.9</u>	<u>41.4</u>	<u>-8.5</u>
Total Equities	65.1	134.9	124.3	-10.7
Total Real Estate	5.2	10.9	16.6	5.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equities & Real Estate	70.4	145.8	140.8	-4.9
	<hr/>	<hr/>	<hr/>	
Total Fund	<u>100.0 %</u>	<u>207.1</u>	<u>207.1</u>	

¹ New Policy: Strategic asset allocation targets effective January 1, 2005.

² Included is MDP Investment: LM Capital Investment: Total Market Value=\$179.3M.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

MONTHLY PROGRESS REPORT

ASSET ALLOCATION¹

As of March 31, 2006

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>2/28/2006 Market Value (\$ Billion)</u>	<u>3/31/2006 Market Value (\$ Billion)</u>	<u>Difference (C-B) (\$ Billion)</u>	<u>Target (\$ Billion)</u>
Total Cash Equivalents	3.4	0.7	-2.6	0.0
Total AIM: Direct/Partnership	10.6	10.5	0.0	12.4
Total Global Fixed Income	52.1	50.1	-2.0	53.9
Equities				
Domestic ²	83.8	85.0	1.2	82.8
International	<u>48.0</u>	<u>49.9</u>	<u>1.9</u>	<u>41.4</u>
Total Equities	131.8	134.9	3.1	124.3
Total Real Estate	9.3	10.9	1.6	16.6
	_____	_____	_____	_____
Total Equities & Real Estate	141.1	145.8	4.7	140.8
	_____	_____	_____	_____
Total Fund	<u><u>207.1</u></u>	<u><u>207.1</u></u>	<u><u>0.0</u></u>	<u><u>207.1</u></u>

¹ Monthly progress report toward new policy targets.

² Included is MDP Investment: LM Capital Investment: Total Market Value=\$179.3M.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

BOOK VS MARKET VALUE

As of March 31, 2006

(A) <u>Asset Class</u>	(B) <u>Book</u> <u>Value</u> (\$ Billion)	(C) <u>Market</u> <u>Value</u> (\$ Billion)	(D) <u>Difference</u> <u>(C - B)</u> (\$ Billion)
Total Cash Equivalents	0.7	0.7	0.0
Total AIM: Direct/Partnership	12.4	10.5	-1.9
Total Global Fixed Income	50.7	50.1	-0.6
Equities			
Domestic ¹	49.0	85.0	36.0
International	<u>37.4</u>	<u>49.9</u>	<u>12.5</u>
Total Equities	86.4	134.9	48.5
Total Real Estate	11.1	10.9	-0.2
	<hr/>	<hr/>	<hr/>
Total Equities & Real Estate	97.5	145.8	48.3
	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>161.3</u></u>	<u><u>207.1</u></u>	<u><u>45.8</u></u>

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=**\$184.5M**, Total Market Value=**\$179.3M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

When summing net amounts on this report, there may be breakage.

GROSS PERFORMANCE VS EXPECTED RETURNS

One Year
April 1, 2005 to March 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.3 %	4.0 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.1	28.4	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	24.2	2.3	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	41.0	14.5	9.6	17.0	-7.4 - 26.6
International	<u>24.1</u>	<u>29.3</u>	9.1	19.5	-10.4 - 28.6
Total Equities	65.1	19.6			
Total Real Estate	5.2	49.5	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>16.6</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

NET PERFORMANCE VS EXPECTED RETURNS

One Year
April 1, 2005 to March 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.3 %	4.0 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.1	28.4	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	24.2	2.3	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	41.0	14.5	9.6	17.0	-7.4 - 26.6
International	<u>24.1</u>	<u>29.2</u>	9.1	19.5	-10.4 - 28.6
Total Equities	65.1	19.6			
Total Real Estate	5.2	39.4	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>16.1</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

GROSS RETURNS
One Year
April 1, 2005 to March 31, 2006

	(A)	(B)	(C)
<u>Asset Classes</u>	<u>Reported Gross Return</u>	<u>Expenses¹ (Percent)</u>	<u>Net Return (A-B)</u>
Total Cash Equivalents	3.96%	0.00%	3.96%
Total AIM	28.38%	0.02%	28.36%
Total Global Fixed Income	2.31%	0.02%	2.29%
Equities			
Domestic	14.51%	0.04%	14.47%
International	<u>29.25%</u>	<u>0.08%</u>	<u>29.17%</u>
Total Equities	19.61%	0.05%	19.56%
Total Real Estate	49.49%	10.12%	39.37%
	<hr/>	<hr/>	<hr/>
Total Fund	16.57%	0.47%	16.10%

¹ Does not include Real Estate Advisor Fees or External Equity and Fixed Income manager base fees which are already netted out of return. Does include AIM Partnership and Direct Component fees.

CALPERS INVESTMENT IN CALIFORNIA as of March 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)¹ (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
Real Estate - Mortgages					
AFL-CIO (HIT)	97.7	2.4	2.4	2	Union related mortgage fund
CA Community Mortgage Fund	30.2	30.2	30.2	100	Small commercial and multi-family residential mortgages to economically targeted areas
Commercial (Whole Loans/MBS)	568.2	66.0	66.0	12	Commercial whole loans, mortgage backed securities and Great Northern program.
Member Home Loan Program	677.3	670.6	670.6	99	Housing loans for PERS members (includes \$.89 mill of single family MBS)
Ullico	16.8	16.8	16.8	100	No new additional commitments will be issued as of 3/27/98. All commitments issued.
Subtotal	1,390.2	786.0	786.0	57 %	
Core Portfolio					
AFL-CIO (BIT)	137.5	23.1	23.1	17	Union related mortgage funds
CORE - Equity	8,036.5	2,381.1	2,381.1	30	CORE Equity programs
PREES- REITS	758.5	218.9	218.9	29	Public companies
Non-Core Portfolio					
Senior Housing	351.	64.5	64.5	18	\$200m program approved in 6/00 by Investment Committee, approximately 15-20% of which will be CA based. Program to acquire/develop senior housing facilities throughout the United States. Leverage up to 65% loan to portfolio value for company level distributions. 65% top be used on all acquisition/development going forward.
California Urban Real Estate- (CURE)					
Pacific City Homes	104.7	250.0	104.7	100	Approved 6/01, pending final contract execution, CityHome Partners will focus on developing affordable, for sale, single-family residential communities in urban infill locations throughout California.
Bridge	57.3	175.0	57.3	100	Approved 6/00 by Investment Committee, contract finalized 1/01. Program focusing on early phase capital for the development of affordable housing in urban California. Subsequent to 09/30/02, Bridge invested approximately 11.9 million in the CURE program.
Buchanan Urban Investors	189.1	550.0	189.1	100	Buchanan Urban Investors provides financing for multifamily, industrial, retail, office, mixed use, and storage facilities in urban
CalSmart	160.4	665.0	160.4	100	Program for a broad variety of urban infill development/redevelopment throughout California.
Capri Capital Partners	37.3	135.0	37.3	100	Approved in 06/01 by the Investment Committee. Capri's focus is promoting mezzanine debt for multi-family projects. Subsequent to 09/30/02, Capri invested approximately \$3.9 million in the CURE program.
CIM	327.6	405.0	327.6	100	Approved 6/00 by Investment Committee, contract executed 12/01/00. Program for urban development of street retail and mixed use development/redevelopment properties.
CUIP	421.9	750.0	421.9	100	Urban Infill Investments in California urban areas
Institutional Housing Partners IV	4.0	40.0	4.0	100	Approved in 6/01, IHP will focus on equity investments (development and redevelopment properties) for commercial and multi-family residential and mixed-use projects in infill locations throughout California.
Kennedy Office Development	-0.6	150.0	-0.6	100	Approved 6/00 by Investment Committee. Program for development/redevelopment of urban office, office r&d and industrial properties
Klein Financial Corporation JV	1.4	50.0	1.4	100	CURE-Affordable Multifamily Housing/ 60% Leverage
Legacy Partners	11.3	240.0	11.3	100	CURE-Affordable Multifamily Housing/ 60% Leverage
R Street Residential	20.2	20.2	20.2	100	
Housing					
Acquisition & Development	39.2	39.2	39.2	100	California land acquisition & development program
National Housing	1,506.3	447.9	447.9	30	Program updated as of 10/99. Single family housing/land development nationwide with emphasis on California.
Single Family Housing	50.8	50.8	50.8	100	California Single Family Housing program

CALPERS INVESTMENT IN CALIFORNIA as of March 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)¹ (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
Natural Resources					
Agricultural	116.7	92.1	69.1	59	Pacific Vineyard Partners will acquire and develop vineyards for high end wineries. The program will sell off the developed land to interested parties upon full maturity of the vineyards, approximately 7 years. Leverage max 35% loan to portfolio value.
Timber	143.	N/A	N/A	N/A	Timber holdings in conjunction with advisory firms throughout the United States. Up to 40% approved at the discretion of SIO. Most likely will use 35% leverage on all acquisition/development. Up to 25% loan to portfolio value for company level debt, policy allows for up to 40%. Most likely will use 20-25% leverage going forward.
Opportunistic					
DIVCO West / Pagemill	23.3	175.0	1.9	N/A	Opportunity Fund FUND focused on buying distressed high-tech Silicon Valley properties for releasing and repositioning.
Other Opportunistic Real Estate	905.1	200.0	96.9	N/A	
International					
International Real Estate	664.7	N/A	N/A	N/A	International real estate.
Subtotal	<u>14,067.0</u>	<u>7,122.8</u>	<u>4,727.9</u>	<u>34</u> %	Real estate commitment values
SW6KRE - CORE MV Adjustment	-2,642.8				
SW8KRE - SPECIALIZED MV Adjustment	<u>-571.9</u>				
Total Real Estate	12,242.4	7,908.8	5,513.9	45 %	
AIM: Partnership Component	10,515.2	1,900.0	1,600.0	15	Includes commitments through March 31, 2006
Domestic Equity	85,000.6	11,050.1	11,050.1	13	CA investment assumed to be 13% of total portfolio value
International Equity	<u>49,928.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Equities	<u>145,444.8</u>	<u>12,950.1</u>	<u>12,650.1</u>	<u>9</u> %	
Total Real Estate & Equities	157,687.2	20,858.9	18,164.0	12 %	Of total portfolio CA investments in real estate & equities: 8.8%
Cash Equivalents	715.5	0.0	0.0	0	On deposit at the Treasurer's Office: \$194.21
Domestic Fixed Income					
Corporate Bonds	19,307.9	500.6	500.6	3	Companies headquartered in CA
Mortgage Pass-Throughs/CMOs	14,608.7	2,490.3	2,490.3	17	CA investment assumed to be 10% GNMA; 20% FNMA; 20% FHLMC; 20% CMO.
External Managed	223.4	0.0	0.0	<u>0</u>	
Treasury Bonds	<u>8,517.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Subtotal	42,657.5	2,990.9	2,990.9	7 %	
International Fixed Income	<u>6,059.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Global Fixed Income	48,716.5	2,990.9	2,990.9	6 %	
TOTAL	<u>207,119.2</u>	<u>23,849.8</u>	<u>21,154.9</u>	<u>10</u> %	Outstanding commitments (column E/column C): 11.5%
	=====	=====	=====	=====	

¹ Total actual investments at market value and outstanding program commitments in California

INVESTMENT OPERATIONS
Status Report

Program	Status/Comments
Diversity Conference "Expanding Investment Opportunities through Diversity"	The conference was held on April 24-25, 2006 in San Jose, California. Over 500 individuals participated in the conference.
RFP – Investment Consulting Services - Diversity	The RFP was issued on January 20, 2006. Responses were due on or before February 22. At the April 17, 2006 meeting, the Committee approved the selection of four firms for the spring-fed pool, subject to successful contract negotiations. In the interim, a protest was filed by one of the firms not selected. Staff will keep the committee informed.
Public Records Act Requests	Attached is the quarterly summary of Public Records Act Requests for the period January-March 2006. This report is updated and presented to the Committee on a quarterly basis. (See Attachment 1)
Review of Investment Policies / Delegations	Staff presented the project scope to Policy Subcommittee at the April 14 meeting. The project is pending, with initial focus on delegations.

PUBLIC RECORDS ACT REQUESTS

January 1, 2006 to March 30, 2006

Request Date	Requester	Subject	Response
1/4/06	Individual	Emails: CalPERS to S. Westly	Response provided on 1/13/06.
1/4/06	Law Firm	R Street Foundation / Parking Lot Bid 5	Response provided on 3/13/06.
1/13/06	Law Firm	City of San Francisco Contracts	Public record documents provided on 1/26/06.
1/13/06	Media	05/06 Valuation Rpt-Palm Springs	Public record documents provided on 2/14/06.
1/19/06	Law Firm	San Diego Social Security / Medicare	Public record documents provided on 3/1/06.
1/26/06	Law Firm	Annual Employer Statements	Public record documents provided on 2/2/06.
1/27/06	Business Group	Primary Pension Consultant Contract	Response provided on 2/15/06.
2/1/06	Business Group	PBM RFP Submissions	Public record documents provided on 2/21/06.
2/6/06	Individual	Various Member Records Re Pension Contributions	Public record documents provided on 3/17/06.
2/7/06	Media	JRS Docs/Money Credit Plan/JRS Audits	Public record documents will be provided on 4/28/06.
2/8/06	Law Firm	City of Torrance Pension Plan Documents	Response pending.
2/8/06	Business Group	Medco Agreement Request	Public record documents provided on 3/8/06.
2/8/06	Individual	FPPC Form/Top Rank Employees / Settlements over \$100,000	Public record documents provided on 2/17/06.
2/15/06	Media	Richard Prentice Jr. Documents	Public record documents provided on 4/16/06.
2/17/06	Public Interest	Holdings in US Airways	Response pending.
2/23/06	Individual	Member – Personal Documents from File	Public record documents provided on 4/10/06.
2/23/06	Union	R Street – Inspector Logs	Public record documents provided on 3/10/06.
2/24/06	Business Group	PSR Project	Response pending.
2/24/06	Business Group	Medco RFP Proposal and Contract	Response provided on 3/7/06.
2/24/06	Business Group	AIM Spring-Fed Pool Agreement	Response provided on 3/7/06.
2/24/06	Business Group	Int'l Dev. & Emerging Mkt Equity Project	Response provided on 3/7/06.
2/24/06	Business Group	Master Custody's Service Agreement	Response provided on 3/20/06.
2/24/06	Business Group	Environmental Equity Mgmt Contract	Response provided on 3/20/06.
2/24/06	Business Group	COMET PSR Project – Awarded Contract	Response pending.
2/24/06	Law Firm	Annual ER Statement for Cotati, Sutter and Rocklin	Public record documents provided on 3/13/06.

Attachment 1

Request Date	Requester	Subject	Response
2/24/06	Public Entity	Disability Information: Daeley, Edelman & Gomez	Public record documents provided on 3/29/06.
2/24/06	Individual	Private Equity Fund Information	Public record documents provided on 3/16/06.
2/24/06	Business Group	Int'l Equity Management RFP Contract	Response pending.
3/1/06	Business Group	Relational Investors Mgmt Funds	Response pending.
3/6/06	Media	Healthpoint Partners LP	Public record documents provided on 3/15/06.
3/6/06	Business Group	Equity under Management; Commissions; Average Commissions	Response pending.
3/6/06	Business Group	Reports of Water Replenishment District	Public record documents provided on 4/11/06.
3/10/06	Business Group	Greenwave Initiative	Public record documents provided on 4/19/06.
3/10/06	Business Group	City of Oceanside – List of Retirees	Transfer to Mark Quillici for follow up.
3/14/06	Business Group	Cashflow of Private Equity Funds	Response pending.
3/14/06	Media	Real Estate Investment – Angelides/Westley	Response pending.
3/23/06	Individual	McRitchie – Elections Documents	Public record documents provided on 3/29/06
3/30/06	Law Firm	Blue Shield Hospital Cost Study	Public record documents provided on 4/12/06.

**Investment Committee
May 15, 2006**

**OPEN SESSION
Chief Investment Officer's / Assistant Executive Officer's Report
DISCLOSURE OF CLOSED SESSION ACTION ITEMS**

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
Executive Closed October 17, 2005	Global Equity – 2006 Preliminary Focus List	Approved the 2006 Preliminary Focus List.	Roll Call Vote: YES – Alvarado, Berte, Diehr, Eliopoulos, Feckner, Higa, Mathur, Navarro, Oliveira, Shimada
Executive Closed April 17, 2006	Global Equity – 2006 Final Focus List	Approved the 2006 Final Focus List and the Monitoring List as presented.	Roll Call Vote: YES – Berte, Carlson, Diehr, Endsley, Feckner, Greene Ross, Hiber, Mathur, Oliveira, Quevedo, Shimada, Valdes
Closed February 14, 2006	Real Estate – Delegation to Authorize Purchase of International REITs	Approved immediate launch of an internally-managed Global REIT (Real Estate Investment Trust) public equity portfolio, and that amendments to the appropriate policy documents be brought to the Policy Subcommittee.	Roll Call Vote: YES – Berte, Carlson, Diehr, Feckner, Greene Ross, Hiber, Mathur, Shimada, Tom, Valdes
Closed March 13, 2006	Real Estate – Purchase of International REITs	Approved the option to underweight Australia in EPRA / NAREIT benchmark.	Roll Call Vote: YES – Berte, Carlson, Diehr, Feckner, Green Ross, Hiber, Mathur, Navarro, Oliveira, Quevedo, Shimada, Tom Valdes